

Message Text

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COME-00 CU-04 MC-02 SR-02 ORM-03 DRC-01 /201 W

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R 031614Z NOV 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 7636

INFO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY LA PAZ

AMEMBASSY SANTIAGO

AMEMBASSY QUITO

C O N F I D E N T I A L SECTION 1 OF 2 LIMA 8037

E.O. 11652: GDS

TAGS: PINT, PFOR, MCAP, PE

SUBJECT: IS THE MILGOV BEARING PERCEPTIBLY LEFTWARD?

1. SUMMARY. AGAINST A FEELING OF INCREASED INTERNATIONAL ISOLATION--WHETHER REAL OR IMAGINED--PRESIDENT VELASCO AND HIS CHIEF POLICY ADVISERS SEEM TO BE CONSIDERING THE MEANS BY WHICH TO ASSURE THE PERMANENCE OF THEIR REVOLUTION. AT THE SAME TIME, THEIR OPPONENTS AND OTHER OBSERVERS OF THE PERUVIAN SCENE ARE LOOKING ANXIOUSLY FOR SIGNS THAT PROVIDE CLUES ABOUT THE FUTURE ORIENTATION OF THE REVOLUTION. THERE ARE SEVERAL RECENT INDICATIONS WHICH SUGGEST A POSSIBLE DRIFT TO THE LEFT BY A REGIME THAT OSTENSIBLY ESCHEWS BOTH THE CAPITALIST AND COMMUNIST MODELS. OTHER SIGNS TEND TO REAFFIRM SOME OF THE CAUTIOUS, PRAGMATIC PRACTICES OF THE PAST. THIS MESSAGE ANALYZES THESE RECENT DEVELOPMENTS IN THE LIGHT OF HISTORICAL, POLITICAL AND MILITARY CONSIDERATIONS WHICH IMPINGE ON PERUVIAN POLICIES. END SUMMARY.

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2. TWO IMPORTANT FACTS ARE NECESSARY TO THE UNDERSTANDING OF

THE CURRENT SITUATION: (A) VELASCO'S STILL UNDISPUTED POSITION AS LEADER OF THE REVOLUTION AND (B) THE PROFOUND EFFECT ON PERU OF THE COUP IN CHILE.

3. DESPITE PERSISTENT (BUT DIMINISHING) REPORTS THAT THE PRESIDENT'S ILLNESS HAS LEFT HIM PSYCHOLOGICALLY AS WELL AS PHYSICALLY CRIPPLED AND WITHOUT VITALITY TO GOVERN, HIS RECENT PUBLIC SPEECHES AND PRESS CONFERENCES (NOT TO MENTION REPORTS OF WALTER REED SPECIALISTS WHO EXAMINED HIM RECENTLY) BELIEVE SUCH ALLEGATIONS. WE HAVE BEGUN TO HEAR AGAIN STORIES OF SPIRITED CABINET SESSIONS AND SITUATIONS WHERE VELASCO REFUSES TO FOLLOW THE COUNSEL OF HIS ADVISERS. THE FUTURE COURSE OF THE GOP IS TIED CLOSELY TO THE WILL OF THIS TENACIOUS MAN WHO HAS COME TO EMBODY THE REVOLUTION.

4. THE OVERTHROW OF ALLENDE, WITH WHOM VELASCO HAD PERSONAL TIES AND WITH WHOSE GOVERNMENT THE REVOLUTION FELT IDEOLOGICAL AFFINITIES, HAS HAD A PROFOUND EFFECT ON THE MILGOV. IT HAS GIVEN IMPETUS TO THE ALWAYS PRESENT WORRY OVER AN ALLEGED CHILEAN MILITARY THREAT, IRRATIONAL AS IT MAY BE. THIS CONCERN HAS BEEN HEIGHTENED BY CONTINUING SUSPICION OVER BRAZIL WHICH IS REGARDED AS A SPRAWLING GIANT, LACKING PETROLEUM RESOURCES, POSSIBLY SEEKING AN OUTLET TO THE PACIFIC AND GOVERNED BY AN ANTOGONISTIC REGIME. MOREOVER, ARGENTINA IS SEEN AS AN UNCERTAIN ALLY AND THERE IS THE FEAR THAT BRAZIL AND CHILE COULD ENLIST THE IRREDENTIST ASPIRATIONS OF ECUADOR AND BOLIVIA. THUS, THE MILGOV SEES A SPECTER OF THE GEOPOLITICAL ISOLATION OF PERU, ASSAILED FROM ALL SIDES AND SUBJECT AS WELL TO POLITICAL AND ECONOMIC PRESSURES FROM THE U.S.

5. WHAT OPTIONS ARE OPEN TO VELASCO TO GUARANTEE THE DURABILITY OF THE REVOLUTION? ONE POSSIBILITY WOULD BE A STILL MORE MARKED SHIFT TO THE LEFT. WITH THE UNIFIED BACKING OF THE MILGOV'S PRESENT ADHERENTS, INCLUDING THE COMMUNISTS, AND OF THOSE EXTREMISTS WHO HAVE WITHHELD THEIR FULL SUPPORT, AND WITH HELP FROM OUTSIDE (I.E., THE SOVIET UNION) VELASCO COULD TRY TO CONSOLIDATE PRESENT REFORMS IN AN EFFORT EVENTUALLY TO INSTITUTE A FULLY SOCIALIZED STATE. FOLLOWING ARE SOME RECENT INDICATIONS WHICH MIGHT REFLECT SUCH A DIRECTION:
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A. THE EXTRAORDINARILY SLANTED MESSAGE VELASCO SENT TO THE WORLD CONGRESS OF PEACE IN MOSCOW (LIMA 7878);

B. THE TERSE TELEGRAM TO PINOCHET PLEADING FOR LIFE OF CHILEAN COMMUNIST CORVALAN;

C. FOREIGN MINISTER DE LA FLOR'S SUDDEN OFFICIAL VISIT TO

HAVANA (LIMA 7833);

D. THE MILGOV'S TOUGH ACTIONS AGAINST ALL THE "COUNTER-REVOLUTIONARY" OPPOSITION, INCLUDING DEPORTATIONS (LIMA 7522) AND THE VIRTUAL DEFENESTRATION OF THE SUPREME COURT (LIMA 7820);

E. THE FORTHCOMING PROMOTION TO DIVISION GENERAL OF SINAMOS CHIEF LEONIDAS RODRIGUEZ AND FISHERIES MINISTER JAVIER TANTALEAN, WHO JOIN COAP CHIEF GRAHAM, ENERGY AND MINES MINISTER FERNANDEZ MALDONADO, AND TRANSPORT AND COMMUNICATIONS MINISTER MENESES IN THE HIERARCHY OF RADICALS AROUND VELASCO.

F. RECENT CONVERGENCE AND COOPERATION BETWEEN THE MOSCOW-COMMUNIST TRADE UNION CONFEDERATION (CGTP) AND THE GOP'S TRADE UNION CONFEDERATION (CTRP), WITH THE LATTER ALREADY SHOWING A MORE RADICAL POLITICAL LINE.

G. THE MORE RECENT ATTEMPTS BY THE COMMUNIST PARTY (PCP) TO IDENTIFY ITSELF COMPLETELY WITH THE MILGOV, INCLUDING REMARKS BY PCP PRESIDENT THAT THE PARTY'S FORTHCOMING SIXTH NATIONAL CONGRESS IS OF EXTRAORDINARY IMPORTANCE BECAUSE IT WILL BE FIRST STEP IN ESTABLISHMENT OF BROAD "ANTI-IMPERIALIST AND ANTI-OLIGARCHIC FRONT." THEMES OF CONGRESS WILL BE SUBORDINATED TO GOAL OF INCREASING PCP PARTICIPATION IN PERUVIAN REVOLUTIONARY PROCESS; AND

H. THE INCREASED TIES OF SOCIALIST COUNTRIES. DURING 1973, THE PACE OF VIP VISITOR EXCHANGES QUICKENED AND WAS HIGHLIGHTED BY VISITS OF ROMANIAN PRESIDENT, YUGOSLAV FONMIN, HUNGARIAN FOREIGN TRADE MINISTER, BULGARIAN HEALTH MINISTER, POLISH SHIPPING MINISTER, AND VICE-PRESIDENT OF CENTRAL COUNCIL OF CZECH UNIONS. THIS YEAR GOP SIGNED TECHNICAL, ECONOMIC, COMMERCIAL AND/OR CULTURAL AGREEMENTS WITH ROMANIA, BULGARIA, HUNGARY, YUGO-CONFIDENTIAL

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SLAVIA, USSR, CZECHOSLOVAKIA AND CUBA.

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C O N F I D E N T I A L SECTION 2 OF 2 LIMA 8037

6. IN A SPECIAL CATEGORY IS THE PERSISTENTLY REPORTED BUT STILL UNCONFIRMED PURCHASE OF SOVIET TANKS BY THE PERUVIAN ARMY. IF TRUE, THIS WOULD REPRESENT THE FIRST LATIN AMERICAN COUNTRY APART FROM CUBA TO ACCEPT MAJOR WEAPONS FROM THE EAST. IF ALSO PROBABLY WOULD ENTAIL SOVIET TRAINING IN PERU AND IN THE USSR, AND TECHNICAL REPRESENTATIVES OR POSSIBLY A MILITARY MISSION. IN THE EXTREME IT COULD LEAD TO A PACT WITH THE SOVIET UNION.

7. THERE IS NO DOUBT THAT THE MILGOV HAS FOR SOME TIME FELT THE NEED TO MODERNIZE ITS FORCES AND THIS HAS BECOME MORE URGENT BY THE GROWING SENSE OF ISOLATION, FRUSTRATION IN MAKING ARMS PURCHASES IN THE U.S., AS WELL AS A GREATER PERCEIVED THREAT FROM CHILE. THIS PERHAPS EXPLAINS THE RECENT REPORT WE HAVE FROM SEVERAL SOURCES, INCLUDING A PARTICIPANT, OF A MEETING OF MINISTER TANTALEAN WITH SOME 40 BUSINESSMEN IN WHICH HE SPOKE OF THE NEED FOR AUSTERITY IN ORDER TO CARRY OUT THE REVOLUTION AND TO FACE THE "INEVITABLE" WAR WITH CHILE. SUCH A REMARK COULD ALSO BE INTENDED TO EXPLAIN AND JUSTIFY
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THE PURCHASE OF SOVIET TANKS TO A SKEPTICAL AUDIENCE.

8. HOWEVER, THERE ARE ALSO COUNTERVAILING SIGNS WHICH POINT TO A MORE PRUDENT COURSE BY THE MILGOV:

A. THE FAILURE TO TAKE OVER AND SILENCE EL COMERCIO WHEN THE PROLONGED STRIKE AT THE NEWSPAPER OFFERED THE

OPPORTUNITY (HOWEVER, THE FORCED WAGE SETTLEMENT COULD BRING THE PAPER TO ITS KNEES WITHOUT THE ADVERSE EFFECTS OF A DIRECT TAKEOVER);

B. THE DELAY IN PROMULGATING THE SOCIAL PROPERTY LAW, TRUMPETED AS A MAJOR REFORM OF THE REVOLUTION, AND THE INDICATION THAT WHEN IT IS APPROVED IT WILL BE IMPLEMENTED CAUTIOUSLY;

C. CONTINUATION OF THE NEGOTIATIONS WITH PRESIDENTIAL EMISSARY GREENE WITH SOME INDICATION OF GOP FLEXIBILITY;

D. THE DEPORTATION OF EXTREMIST LABOR LEADER DIAZ CHAVEZ AND MARXIST INTELLECTUALS COTLER AND QUIJANO AS WELL AS THE JAILING OF THE SUTEP TEACHERS' LEADERSHIP (LIMA 7948);

E. FAILURE TO SEIZE CERRO DE PASCO FOLLOWING AN EXTREMELY PROVOCATIVE ACTION BY THE COMPANY AND WILLINGNESS TO AWAIT THE OUTCOME OF THE GREENE NEGOTIATIONS BEFORE CARRYING THROUGH WITH CERRO TAKEOVER.

F. MILGOV POLICY TOWARDS POLITICAL REFUGEES COMING OUT OF CHILE WHICH IS TO FACILITATE THEIR ONWARD TRAVEL TO THIRD COUNTRIES BUT NOT TO OFFER SAFE-HAVEN TO POTENTIAL SUBVERSIVES; AND

G. THE ATTEMPT TO APPEASE SMALL AND MEDIUM LANDHOLDERS BY ISSUING THOUSANDS OF CERTIFICATES OF INAFECTABILITY AND THE FREQUENT ASSURANCES THAT THE AGRARIAN REFORM PROGRAM DOES NOT INTEND TO COMPLETELY COLLECTIVIZE AGRICULTURE.

9. IT IS ALSO QUITE POSSIBLE TO DISCERN A CONSISTENT REVOLUTIONARY COURSE DURING THE GIVE YEARS OF THE MILGOV'S EXISTENCE AND AT THE SAME TIME TO IDENTIFY THOSE STAGES WHERE THE PACE OF THE REVOLUTION VARIED. THUS, FOR EXAMPLE, WHEN CONFIDENTIAL

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VELASCO FIRED A RADICAL MINISTER AND GOVERNMENT ADVISERS OR DELAYED IMPLEMENTING NEW REFORMS, SOME TENDED TO CHARACTERIZE THIS AS A TREND TOWARDS MODERATION. ON THE OTHER HAND, WHEN THE MILGOV INSTITUTED SUCH MEASURES AS STRICTER CONTROL OVER THE MEDIA AND SINAMOS BECAME ACTIVE AND STRIDENT, THIS WAS INTERPRETED AS A RADICALIZATION OF THE REVOLUTION. THE CASE CAN BE MADE THAT THE DIRECTION HAS REMAINED CONSTANT AND THAT THE ONLY VARIANT HAS BEEN THE VELOCITY. VELOCITY, IN TURN, HAS BEEN AFFECTED BY THE DEGREE OF DOMESTIC OPPOSITION, CONCERN OVER INTERNATIONAL REACTION AND WORRY OVER THE POTENTIAL FAILURE OF INNOVATIVE REFORMS.

10. THE MISSION DOES NOT BELIEVE THAT THERE IS SUFFICIENT EVIDENCE TO WARRANT THE POSITIVE CONCLUSION AT THIS TIME THAT

THE MILGOV HAS VEERED SHARPLY TO THE LEFT. SOME SYMPTOMS ARE PRESENT BUT DIAGNOSIS IS DIFFICULT AND A PROGNOSIS IS RISKY. AT THE SAME TIME WE SHOULD NOT LOSE SIGHT OF THOSE RECENT ACTIONS TAKEN BY THE MILGOV TO INCREASE ITS CONTROL IN ORDER TO BRING ABOUT THE FUNDAMENTAL STRUCTURAL CHANGES IT HAS PROMISED. WE SEE THE PERIOD OVER THE NEXT SEVERAL WEEKS AS CRUCIAL FOR PERU. SHOULD VELASCO SWING ABRUPTLY TO A PERUVIAN-STYLE STATE SOCIALISM, SUPPORTED BY THE SOVIETS, IT IS CONCEIVABLE THAT A SERIOUS INTERNAL CONFRONTATION MIGHT ENSURE AND IMPEL MORE MODERATE LEADERS WITHIN THE MILITARY TO AT LEAST TO ATTEMPT TO TAKE OVER FRM VELASCO OR GET HIM TO MODERATE HIS PROJECTED SHIFT. ON THE OTHER HAND, U.S. POLICY, THROUGH THE VEHICLE OF THE GREENE NEGOTIATIONS, AND THE CONTRASTING REPERCUSSIONS OF SUCCESS OR FAILURE, COULD BE A DECISIVE FACTOR IN DETERMINING THE COURSE OF A VELASCO GOVERNMENT WHICH TODAY REMAINS STRONGLY ENTRENCHED.

BELCHER

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